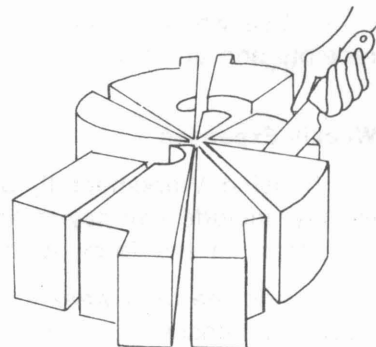


YOUR FAMILY SPENDING PLAN

Lillian Chenoweth*



Almost everyone would like to have more money. However, more money isn't always possible and doesn't always solve the problem. Most people must get along on what they have.

Whether a family has a lot of money or just a little, a sound plan for spending and saving is the key to having dollars for what is needed and wanted before the money disappears in unexpected ways. A spending plan can help a family:

- identify available resources
- plan for today and tomorrow
- identify and reach financial goals
- spend and save more effectively
- develop confidence, independence and resourcefulness in handling financial problems

A plan for spending and saving possesses no magic. It cannot change the amount of money you have. It cannot make you save. Neither can it eliminate financial crisis. But a spending plan can help control the use of money so it meets needs and wants.

Preparing a Spending Plan

Essentially there are three basic steps in setting up a plan:

- determine income
- estimate expenses
- adjust spending to income available

Use worksheets I through IV to record your income and expenses. Once these items are down on paper, you can see where your money is going. Then you are better prepared to decide where you would like your money to go.

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Step 1

Using Worksheet I, write in each person's take-home pay. If someone is paid weekly, multiply by 52 to get yearly income. If paid monthly, multiply by 12. Multiply by 26 if one is paid every 2 weeks and by 24 if paid twice every month.

Total all the individual yearly incomes to find the family's yearly income. Add any interest, dividends or other income. Use this sum as the total family income available for expenses.

Worksheet I

Husband:

Take-home pay each pay period
(after taxes and other payroll deductions) \$ _____

Number of times a year paid _____

Total yearly income \$ _____

Wife:

Take-home pay each pay period \$ _____

Number of times a year paid _____

Total yearly income \$ _____

Other Family Members:

Take-home pay each pay period \$ _____

Number of times a year paid _____

Total yearly income \$ _____

Total of take-home pay from all family members \$ _____

Interest, dividends or other regular income \$ _____

Total Family Income \$ _____

Step 2

Use whatever financial records you have to estimate your expenses. Work from checkbooks, receipts and current pay statements. Do not list the same expense on more than one worksheet.

Weekly Expenses

Using Worksheet II, on the next page, list the amount your family spends for items purchased weekly. Include any day-to-day expenses as well as bills paid by the week. If you have any expenses not listed on the form, write them in.

Add the total weekly expenses. Multiply this amount by 52 to get an annual estimate of your total weekly expenses.

Monthly Expenses

On Worksheet III, list all bills and expenses you pay by the month. If you have any expenses not listed on the form, write them in.

Add the monthly expenses. Multiply this amount by 12 to get an annual estimate of your total monthly expenses.

Yearly Expenses

Some expenses come irregularly or once or twice a year. On Worksheet IV, list expenses that have not already been recorded. Unexpected or emergency expenses could also be recorded here. Listing these expenses before they happen will help you set aside money ahead of time.

Add the total yearly expenses.

Step 3

To compare your expenses with your income, complete these blanks:

	Expenses	Income
Total Family Income (From Worksheet I)		\$ _____
Total Weekly Expenses Per Year (From Worksheet II)	\$ _____	
Total Monthly Expenses Per Year (From Worksheet III)	\$ _____	
Total Yearly Expenses (From Worksheet IV)	\$ _____	
Total Expenses (Add totals from Worksheets II, III and IV)		\$ _____

Do expenses equal income? If expenses are greater than your income, the family will need to make some decisions about what to do. Review the lists of expenses again. Are there items that can be reduced, postponed or eliminated?

Consider the needs and wants of the entire family. Involve everyone in the planning discussions. Were you unable to get some of the things you wanted? Did you spend too much for one item with not enough to cover items? You may need to evaluate your spending and saving to see what changes can be made.

Estimated Family Expenses

Worksheet II Weekly Expenses

Food
(home and away
from home) _____

**Household
Supplies** _____

Recreation
(movies, hobbies,
sports) _____

Transportation
Gas for car _____
Parking _____
Bus, car pool _____
Other _____

Other _____

Other _____

Other _____

Total Weekly
Expenses \$ _____

Total Weekly
Expenses
Per Year \$ _____

Worksheet III Monthly Expenses

Savings _____

Housing
Mortgage or rent _____
Furnishings _____
Equipment _____
Cleaning _____
Insurance _____

Utilities
Water _____
Electricity _____
Gas _____
Telephone _____
Garbage _____
TV Cable _____
Other _____

**Installment
Payments**
Car _____
Credit Card _____
Credit Card _____
Appliance or
Television _____
Loans _____
Other _____

**Personal
Allowances** _____

Personal Care _____

Child Care _____

Other _____

Total Monthly
Expenses \$ _____

Total Monthly
Expenses
Per Year \$ _____

Worksheet IV Yearly Expenses

Car
Insurance _____
License _____
Upkeep, repairs _____
Inspection _____

Clothing _____

Life Insurance _____

Medical
Doctor _____
Drugs _____
Insurance _____

Gifts _____

Contributions _____

Education
Tuition-registration _____
Room and board _____
Books _____
Magazines _____

Investments _____

Taxes _____

Other
Dues _____
Other _____

Total Yearly
Expenses \$ _____

Family Spending Plan

Practice keeping family records so that you can use real amounts in planning rather than estimates. Records can show what you actually spent for each budget category and can help you see where spending may need to be adjusted. Do not just decide to cut any area of spending or saving without knowing exactly what you are spending. For example, you can't decide to cut food costs without knowing what is spent for food items, non-food items, food away from home, or non-essential foods.

Use a calendar, ledger, or some other method to record your weekly, monthly and yearly expenses. Then use the worksheet below to compare what you actually spend with what you plan

to spend. This will help you allocate money for all expenses. To determine the monthly amounts divide each total on Worksheets I, II, III and IV by 12.

After your family has developed a spending plan for a month, based on real records, consider future goals and plan for a longer time period. For example, when the car is paid off, will that money be saved, put on another debt or just spent? A long-range spending plan takes into account the life expectancy of a car or other such items. Plan for when their replacement will be necessary.

Don't be discouraged if the plan doesn't work the first time. It takes time and sometime several adjustments to make a spending plan work.

MONTHLY SPENDING PLAN

	Actual	Planned
Total Family Income Per Month		
Amount of Monthly Income Needed for Weekly Expenses		
Amount of Monthly Income Needed for Monthly Expenses		
Amount of Monthly Income Needed for Yearly Expenses		
Balance		

The following Extension publications may be helpful to you in managing your finances:

MP-1307 Financial Record Book (\$1.00)
MP-1307 Savings and Investments
D-985 Setting Your Household in Order

These are available from your county Extension office.

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